



**HEALTH CARE FINANCING ADMINISTRATION
CENTER FOR MEDICAID AND STATE OPERATIONS**

Disabled and Elderly Health Programs Group
Division of Integrated Health Systems
7500 Security Boulevard, Mail Stop S2-12-25
Baltimore, Maryland 21244-1850

THERESA PRATT
DIRECTOR
(410)786-5831
E-mail - TPratt@hcfa.gov

Dr. Richard Raymond
Acting Director
Department of Health and Human Services Finance and Support
P.O. Box 95026
Lincoln, Nebraska 68509-5026

Dear Dr. Raymond:

I am pleased to inform you that the Health Care Financing Administration (HCFA) is approving Nebraska's request to renew the Nebraska Health Connection Mental Health/Substance Abuse Waiver program authorized under Sections 1915(b)(1), (3), and (4) of the Social Security Act (the Act). This approval provides for the waiver of Sections 1902(a)(10)(B), comparability of services, and 1902(a)(23), freedom of choice, of the Act in order to provide managed health care to Temporary Assistance to Needy Families (TANF), TANF-related, Supplemental Security Income (SSI), SSI-related and State ward recipients Statewide for the 2 year period from August 1, 2000, to July 31, 2002.

The decision to approve this waiver renewal is based on evidence submitted to HCFA showing that the State's waiver program is consistent with the purposes of the Medicaid program, has met the applicable statutory and regulatory requirements for access to care and quality of services, and has been and will continue to be, a cost-effective means of providing mental health and substance abuse services to Nebraska's Medicaid recipients.

Please note that waiver approval is contingent on the following conditions:

1. The State will submit all future amendments to rates and service packages to HCFA for approval in advance of implementation. As in the past, for the addition of a region, rebid of a contract, or modification affecting services, capitation rates or entities contracting with the State of Nebraska, the waiver and contracts will need to be amended to reflect changes in quality, access, and cost-effectiveness. Please note that only costs associated with State Plan services may be included in the UPL or without waiver calculations. Passage of Nebraska Administrative Code alone does not constitute sufficient justification for services to become Medicaid reimbursable.

2. The State will submit to HCFA, on an annual basis, the number of children participating in the waiver who are included in categories 1, 3, 4, and 5 of the definition of special needs children in the Balanced Budget Act of 1997 (BBA). Identification through either aid code analysis or manual review is acceptable.

3. The State will review complaints and grievances and track those cases involving children in the waiver identified in categories 1, 3, 4, and 5 of the BBA's definition of special needs children. (A manual review is acceptable.) On an annual basis, the State will report to HCFA the number of complaints and grievances for these groups, and submit an analysis, stratified by group, of type and number of complaints and grievances filed, and their resolution.

4. The State will submit to HCFA, on an annual basis, the number of children identified in categories 1, 3, 4, and 5 of the BBA's definition of special needs children who voluntarily change providers or disenroll from the managed care system into FFS.

5. The State must arrange for an independent assessment of the overall waiver program. This evaluation should assess the impact of the waiver on beneficiaries' access to care, the quality of services rendered, and the cost-effectiveness of the program. Please note this must be a separate analysis from the external quality review. The results of this assessment are to be submitted to HCFA no later January 31, 2002.

6. If you wish to renew this waiver program at the end of this 2 year term, a renewal application must be submitted by April 30, 2002. The renewal request must include the calculation of an Upper Payment Limit (UPL) for drugs (mental health, family planning, and all other categories) for use in calculating the waiver's cost effectiveness.

I wish you continued success in the operation of this program for Medicaid beneficiaries in Nebraska. If you have any questions regarding this waiver renewal or the Balanced Budget Act of 1997, please contact Mr. Tom Lenz, Associate Regional Administrator for Medicaid in the Kansas City Regional Office at (816) 426-5925.

Sincerely,

/s/

Theresa A. Pratt

cc:

Tom Lenz, Kansas City Regional Office
Sharon Taggart, Kansas City Regional Office
Brenda Jackson, Kansas City Regional Office
Narinder Singh, Kansas City Regional Office
Lillian Spuria, OMB
Elise Young, SAMHSA
Clarke Cagey, CMSO/FCHPG/DIHS